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concessions economic feasibility study

august 1983

CANYON DE CHELLY

THUNDERBIRD LODGE

NATIONAL MONUMENT / ARIZONA

CONCESSIONS ECONOMIC FEASIBILITY STUDY

THUNDERBIRD LODGE
CANYON DE CHELLY NATIONAL MONUMENT

UNITED STATES DEPARTMENT OF THE INTERIOR
CONCESSIONS BRANCH
PROFESSIONAL SUPPORT DIVISION
DENVER SERVICE CENTER
NATIONAL PARK SERVICE

AUGUST 1983

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I. BACKGROUND

The owners of the Thunderbird Lodge, Justin's, Inc., have advised the Southwest Regional Office (SWRO) that they wish to sell their operation. Prior to issuing a prospectus, the SWRO has requested the Denver Service Center (DSC) Concessions Branch to update the 1981 Economic Feasibility Study prepared for this concession. This update is to include a determination of continued economic viability, taking into consideration the revised construction program identified in a recently approved Development Concept Plan (DCP) and the acquisition of existing facilities.

Over and above the sales price, the buyer must also finance development as outlined in the General Management Plan/Development Concept Plan (GMP/DCP). These developments are:

1. Construct 39 new overnight units.
2. Raze 4 structures including 3 guest units.
3. Erect a separate office/lobby building of approximately 800 sq ft.
4. Renovate existing office as an addition to the gift shop.
5. Provide landscaping (approximately $22,000).
6. Include permanent housing for employees (9) and develop second pro forma without employee housing.

II. ASSUMPTIONS

Most of the assumptions used in the original study (Page 4, "Cost Analysis") will be continued in this report, with some updating. For the purpose of this study, it is assumed that the additions will be financed at 15% interest for 20 years.

Construction costs have been updated to reflect current building costs, and changes in proposed development:

Rooms (39 additional, 300 sq ft each, @ $70 sq ft)	$ 819,000
Increase registration area (800 sq ft @ $60 sq ft)	48,000
Raze 4 buildings	20,000
Renovate existing office	20,000
Provide staging area for tours	5,000
Provide landscaping (approximate)	22,000
Permanent housing for employees (9 people) (provide 5 multiple units - 2 employees per unit)	105,000
Contingency, architectural and engineering, DSC plan approval, etc. (10%)	112,000
TOTAL	$1,151,000
Less: Employee housing	105,000
Contingency	10,500
TOTAL	$1,035,500

Based on these assumptions, the amount of interest and principal for the total development listed above would be $3,637,500, payable in 240 monthly payments of $15,156.25. Without employee housing, the above amounts would be reduced to $3,272,486 or $13,635.36 per month.

Rooms

There are presently 22 modern motel rooms and 14 older, stone lodge units. Three of the older units will be removed from service, and 39 new rooms built. Rentable overnight units will then number:

New: 61 (22 + 39); ($40 single + $2 each additional person)

Old: 11 (14 - 3); ($34 single + $2 each additional person)

In 1980 the concessioner experienced a 70% year-round occupancy rate. He estimates 81% for both 1981 and 1982. For the purposes of this study, a 60% occupancy rate is used, and at current room rates, assuming 2½ people per room, this would average $45 per room.

Services

There is no accurate method of determining how much the 21,353 additional overnight guests will spend on food, gifts, or jeep tours. Using 1982 visitation figures and depending on whether total visitation or only overnight stays were used to calculate per person expenditures, estimated cafeteria, gift shop, and jeep tour per/person expenditures were as follows:

Cafeteria Sales (1982)	$468,838
Total visitation	373,526
Overnight stays	18,672
Expenditure per person, total visitation	$1.26
Expenditure per person, overnight	$25.11
Indian Curios Sales (1982)	$114,122
Total visitation	373,526
Overnight stays	18,672
Expenditure per person, total visitation	$.31
Expenditure per person, overnight	$6.11
Gift Shop Sales (1982)	$79,144
Total visitation	373,526
Overnight stays	18,672
Expenditure per person, total visitation	$.21
Expenditure per person, overnight	$4.24
Jeep Tours Sales (1982)	$326,961
Total visitation	373,526
Overnight stays	18,672
Expenditure per person, total visitation	$.88
Expenditure per person, overnight	$17.51
Actual jeep tour users	18,677
Actual expenditure average	$17.51

Realistically, with the exception of the jeep tours, neither total visitation expenditures or overnight expenditures give us a solid base for projecting future sales in these departments that can be directly attributable to the proposed overnight units. We have, therefore, assigned expenditures per person as follows:

Cafeteria

Since dining facilities outside the park are limited, we will assume that 90% of the overnight stays will eat two meals at the cafeteria and they probably will be breakfast and dinner. Prices of these meals are projected to be $2.50 for breakfast and $5 for the second meal (assuming some will be lunch instead of dinner), or a total of $7.50 per day. Thus, additional cafeteria sales will be:

21,353 guests x .90 x $7.50 = $144,133

Indian Curios

This is very difficult and is very subjective, however, using the assumption that $10 per day per person would appear reasonable to spend on food and gifts, we have arbitrarily assigned $1 to gift sales and $1.50 to Indian curios. Therefore, sales of Indian curios attributable to proposed overnight units is:

21,353 guests x .90 x $1.50 = $28,827

Gift Shop

As explained above, sales of gift shop items attributable to the new additions is:

21,353 guests x .90 x $1 = $19,218

Jeep Tours

A conducted tour of the Canyon is expensive. For 2.5 people, assuming 2 adults and 1 child, the fee would be: for the half-day trip, $18 per adult, $14 per child, or $43; the full-day trip would be $30 each (child or adult) or $75. We therefore will assume that 50% of the overnight guests will avail themselves of the Canyon tour. We will also use the 1982 averages of $17.51 per person or:

21,353 guests x .50 x $17.51 = $186,946

III. ANALYSIS

From these assumptions, we have developed a pro forma (see Appendix A). On this schedule, we have projected sales and expenses for the new development, consolidated that with the concessioner's 1982 Income and Expense Statement, then projected the development without employees' quarters. All expenses for the new development were arrived at by using the percentage ratios as they applied to the 1982 Income Statement, with the exception of payroll and repair and maintenance. We used 3% of total sales for repair and maintenance and based payroll on anticipated needs. See Appendix B.

The Annual Financial Report (AFR) pro forma and consolidation (Appendix A) illustrates several important items:

1. Merchandise costs for food, Indian curios, and gifts are 10 to 15% high.* On a consolidated basis, this could amount to $100,000 in additional profits before taxes. For the year 1982, this could have amounted to $80,000 or more, increasing pre-tax profits to $168,000. This would have had a profound effect on establishing an appropriate sales price for the concessions facilities.

   *Trends, 1982, Pannell Kerr Forster

2. Payroll, according to Trends, 1982, was 4 to 6% high.

3. Interest expense in the development portion is high ($171,989). We have considered 100% financing for the new development as a strong possibility because the new concessioner would have recently purchased the existing operation. This could change should the new concessioner be a large financially sound corporation with sufficient cash available to purchase the concession as well as construct the proposed development. For this reason, on the bottom of the pro forma we have shown what the profit would be without financing. Also shown in this same section is a cash flow figure assuming no interest.

4. Finally, we removed the owner's wages, merely to illustrate cash that could be available from all sources. It is not practical to assume that all of the "what ifs" (listed below the double line on Appendixes A and B) could happen, particularly owner's wages. The reader can pick and choose as he sees fit.

IV. SALE VALUE OF OPERATION

The concessioner's desire to sell presents another financial dilemma. A rule of thumb in the hospitality industry that governs how much you can pay for a going business is:

4 to 6 x pre-tax profits or 6 to 8 x post-tax profits

In this case, post-tax dollars are $62,966. This amount times eight would be $503,728. If the purchase were made at this price and were the operating figures to remain the same, the new owner would experience a return on his investment of 12.5%. In today's economy, this is still not that good, but not all bad either. To reduce the multiple to seven would increase the return on investment (ROI) to 14.3%, or much better than the 12.5%. Using the pre-tax profits of $88,226 and using a 6 multiple, the pre-tax ROI would be 16.7%.

Other considerations must be made:

Will the purchaser be a large corporation or an individual?

A. An individual would likely have to borrow much more capital than a corporation, thus increasing the cost of operation (interest). The risk factor of not surviving economically increases significantly.

B. Although the present owners pay themselves well, they take a very active working role in the business. Unless the new owner had similar talents and stamina, he would have to hire auto mechanics and skilled repairmen to do the work presently done by the LaFonts.

C. If a corporation purchases the operation, they must hire all personnel, including a manager, and will assess the operation a management fee of 4% or more as well.

We should not get confused by some "for sale" ads which propose a price in multiples of gross sales, usually between two-to-four times gross sales. We do not know of any motels that were actually sold this way. These ads often offer owner financing at a lower than commercial rate. The properties offered are on private land, thus the buyer actually owns something (as long as he can make the payments). Enterprising real estate people devise many offers which on the surface appear to be excellent deals, but the sophisticated operator knows that a good investment is one that minimizes risk and not only has the capability of handling debt service, but to offer a return on the investment of at least what the money would attract on the bond market or savings plans offered for long-term deposits, plus enough extra points to compensate him for the extra responsibilities and risk involved. On today's market, this is usually tied to the T-Bill market plus five or more points. It must be remembered that these are rules of thumb and that each case should be treated separately.

Based on the three-year average exhibited on Appendix B of this report, with average profits of $67,460 post tax, a good sale price would be $540,000. This is $157,288 more than the total equity shown on the concessioner's 1982 Balance Sheet. Multiplying all of the average available cash (Column 6, Row 82, on Appendix B) by 8 results in a sales price of about $1,500,000. With a 20% down payment, the yearly debt service would be $189,618 (15%, 20-year loan), thereby exceeding all available cash by $7,477 (Appendix B). This is too high, for it would leave no cash for refurbishment, additional debt service, management fees, equity, etc. The sales price obviously must be between the two prices above, and probably more realistically between the $540,000 and $1 million. A price of $1 million, with $300,000 down, would cost the buyer $110,616 a year in debt service at a 15% loan. This would equal the three-year average cash flow (profit + depreciation) of $109,141, but would leave the owner's salary intact.

Unless it can be exhibited that there is more money in this operation than is shown on the AFRs, the above price ranges must prevail.

Appendix D is a debt service schedule.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

1. The new development would be economically feasible provided equity capital would be available or a much less expensive cost of construction could be found.

2. Costs of present operations appear to be much higher than national averages in two areas:

a. Merchandise costs, 10 to 15%
b. Payroll costs, 4 to 6%

On a consolidated basis, this could amount to $100,000 in additional profits before taxes.

3. Based on present operations, a selling price of between $500,000 and $1,000,000 would be an acceptable range economically. A price of $1,000,000, with $300,000 down, would cost the buyer the three-year average cash flow (profit + depreciation), but would leave the owner's salary intact. A price of $1,500,000, with a 20% down payment, would result in a debt service exceeding all available cash.

B. Recommendations

1. Unless it can be exhibited that there is more money in this operation than is shown on the AFRs, the selling price should not exceed $1,000,000.

2. Before a deal is consumated for the sale of this concession, a thorough study should be made of the proposed buyer's financial capabilities.

APPENDIXES

APPENDIXES

Appendix A -- Pro Forma

Appendix B -- Three-Year Statement of Income Average

Appendix C -- Payroll - New Construction

Appendix D -- Sales Price Calculations

APPENDIX A

PRO FORMA

	1	2	3	4	5	6
1	PROCANDF					
2						
3		NEW	1982		WITHOUT NEW	
4	ITEM	DEVELOPMENT	SALES&EXPENSES	TOTAL	EMP.QUARTERS	TOTAL
5	SALES:					
6	ROOMS	$384,345.00	$319,201.00	$703,546.00	$383,894.00	$727,404.00
7	CAFETERIA	$144,132.75	$457,746.00	$601,878.75	$140,434.00	$609,272.00
8	INDIAN CURIOS	$28,826.55	$111,903.00	$140,729.55	$28,087.00	$142,209.00
9	GIFT SHOP	$19,217.70	$77,665.00	$96,882.70	$18,725.00	$97,869.00
10	JEEP TOURS	$186,945.52	$312,524.00	$499,469.52	$182,148.00	$509,109.00
11						
12	TOTAL SALES	$763,467.52	$1,279,039.00	$2,042,506.52	$753,288.00	$2,085,863.00
13						
14	COST OF GOODS SOLD	$260,342.42	$443,242.00	$703,584.42	$256,871.21	$711,838.21
15						
16	GROSS PROFIT	$503,125.09	$835,797.00	$1,338,922.09	$496,416.79	$1,374,024.79
17						
18	PAYROLL EXPENSE:					
19	SALARIES AND WAGES	$65,050.00	$390,979.00	$456,029.00	$220,713.38	$611,692.38
20	PAYROLL FRINGE AND TAX	$9,758.00	$43,107.00	$52,865.00	$24,105.22	$67,212.22
21						
22	TOTAL PAYROLL	$74,808.00	$434,086.00	$508,894.00	$244,818.60	$678,904.60
23						
24	OTHER DIRECT EXPENSE:					
25	LAUNDRY	$39,700.31	$69,354.00	$109,054.31	$39,700.31	$108,524.98
26	CHINA, SILVER & GLASSWARE	$763.47	$1,218.00	$1,981.47	$763.47	$1,971.29
27	OPERATING SUPPLIES	$9,161.61	$15,910.00	$25,071.61	$9,161.61	$24,949.46
28	EQUIPMENT RENTAL	$1,526.94	$2,293.00	$3,819.94	$1,526.94	$3,799.58
29	HEAT, LIGHT & WATER	$22,140.56	$38,352.00	$60,492.56	$22,140.56	$60,197.35
30	LICENSES & FEES	$0.00	$284.00	$284.00	$0.00	$284.00
31	GENERAL MAINTENANCE	$22,904.03	$447.00	$23,351.03	$22,904.03	$23,045.64
32						
33	TOTAL OTHER DIRECT	$96,196.91	$127,858.00	$224,054.91	$96,196.91	$222,772.29
34						
35	TOTAL DIRECT	$171,004.91	$561,944.00	$732,948.91	$171,004.91	$901,676.89
36						
37	DEPARTMENTAL PROFIT	$332,120.19	$273,853.00	$605,973.19	$332,120.19	$472,347.90
38						
39	INDIRECT EXPENSE:					
40	ADMINISTRATION & GENERAL	$100,777.71	$175,277.00	$276,054.71	$100,777.71	$274,711.02
41	FRANCHISE FEE	$13,742.42	$24,369.00	$38,111.42	$13,742.42	$37,928.18
42						
43	TOTAL INDIRECT EXPENSE	$114,520.13	$199,646.00	$314,166.13	$114,520.13	$312,639.20
44						
45	INCOME BEFORE FIXED EXP.	$217,600.06	$74,207.00	$291,807.06	$217,600.06	$159,708.70
46						
47	FIXED EXPENSE:					
48	PROPERTY TAX	$763.47	$1,519.00	$2,282.47	$763.47	$2,272.29
49	INSURANCE	$1,526.94	$2,445.00	$3,971.94	$1,526.94	$3,951.58
50	INTEREST	$171,989.00		$171,989.00	$154,730.00	$154,730.00
51	DEPRECIATION	$57,550.00	$34,261.00	$91,811.00	$51,775.00	$86,036.00
52						
53	TOTAL FIXED EXPENSE	$231,829.40	$38,225.00	$270,054.40	$208,795.40	$247,020.40

	1	2	3	4	5	6
54						
55	INC.BEFORE TAXES & OTHER	($14,729.34)	$35,982.00	$21,752.66	$8,804.66	$44,786.66
56						
57	OTHER INC.or (EXPENSE):					
58	INTEREST INCOME	$0.00	$10,433.00	$10,433.00	$0.00	$10,433.00
59						
60	TOTAL OTHER	$0.00	$10,433.00	$10,433.00	$0.00	$10,433.00
61						
62	INCOME BEFORE TAXES	($14,229.34)	$46,415.00	$32,185.66	$8,804.66	$55,219.66
63						
64	INCOME TAX EXPENSE:					
65	FEDERAL	$0.00	$7,605.00	$7,605.00	$1,320.70	$8,925.70
66	STATE AND LOCAL	$0.00	$7,020.00	$7,020.00	$0.00	$7,020.00
67						
68	TOTAL INCOME TAX EXPENSE	$0.00	$14,625.00	$14,625.00	$1,320.70	$15,945.70
69						
70	NET INCOME OR (LOSS)	($14,229.34)	$31,790.00	$17,560.66	$8,804.66	$40,594.66
71						
72						
73	CASH FLOW	$43,320.66	$66,051.00	$109,371.66	$60,579.66	$126,630.66
74	If EQUITY CAPITAL WERE					
75	USED INSTEAD OF BORROWED					
76	ADD BACK INTEREST	$171,989.00	$0.00	$171,989.00	$154,730.00	$154,730.00
77						
78	INCOME OR (LOSS)	$157,759.66	$31,790.00	$189,549.66	$163,534.66	$195,324.66
79						
80	POSSIBLE INCOME TAX	$62,319.00		$81,284.00	$54,976.00	$76,350.00
81						
82	CASH FLOW	$152,990.66	$66,051.00	$200,076.66	$160,333.66	$205,010.66
83						
84	ADD BACK OWNER's WAGES					
85	CONTAINED IN A&G	$54,192.00	$95,573.00	$149,765.00	$54,192.00	$149,765.00
86						
87	AVAILABLE CASH IF NO					
88	DOLLARS ARE BORROWED	$207,182.66	$161,624.00	$349,841.66	$214,525.66	$354,775.66
89						

90 NOTE: IT IS NOT PROBABLE THAT ALL OF THE OWNER'S WAGES COULD BE ELIMINTED AND SHOULD BE TREATED AS A
91 MEMO FIGURE ONLY.
92 1982 FIGURES HAVE BEEN ADJUSTED TO REFLECT THE LOSS OF THREE ROOMS REVENUE.

APPENDIX B

THREE-YEAR STATEMENT OF INCOME AVERAGE

1	2	3	4	5	6	7
CAN/DE						
ITEM	1982	1981	1980	TOTAL	AVERAGE	% OF CHANGE
SALES:						
ROOMS	$343,510.00	$328,657.00	$243,135.00	$915,302.00	$305,100.67	41.28%
CAFETERIA	$468,838.00	$445,508.00	$356,478.00	$1,270,824.00	$423,608.00	31.52%
INDIAN CURIOS	$114,122.00	$109,730.00	$100,049.00	$323,901.00	$107,967.00	14.07%
GIFT SHOP	$79,144.00	$76,784.00	$60,896.00	$216,824.00	$72,274.67	29.97%
JEEP TOURS	$326,961.00	$307,746.00	$242,788.00	$877,495.00	$292,498.33	34.67%
TOTAL	$1,332,575.00	$1,268,425.00	$1,003,346.00	$3,604,346.00	$1,201,448.67	32.81%
COST OF SALES	$454,967.00	$407,356.00	$335,998.00	$1,198,321.00	$399,440.33	35.41%
GROSS PROFIT	$877,608.00	$861,069.00	$667,348.00	$2,406,025.00	$802,008.33	31.51%
PAYROLL:						
SAL & WAGES	$390,979.00	$375,560.00	$274,669.00	$1,041,208.00	$347,069.33	42.35%
P/R TAXES	$43,107.00	$32,846.00	$21,586.00	$97,539.00	$32,513.00	99.70%
TOTAL LABOR	$434,086.00	$408,406.00	$296,255.00	$1,138,747.00	$379,582.33	46.52%
OTHER DIRECT:						
LAUNDRY	$69,354.00	$40,734.00	$50,161.00	$160,249.00	$53,416.33	38.26%
CHINA,SIL&GL	$1,218.00	$1,740.00	$12,189.00	$15,147.00	$5,049.00	-90.01%
OPER. SUPP	$15,910.00	$22,004.00	$3,221.00	$41,135.00	$13,711.67	393.95%
EQUIP RENTAL	$2,293.00	$3,072.00	$4,321.00	$9,686.00	$3,228.67	-46.93%
HEAT LT & WTR	$38,352.00	$33,158.00	$27,297.00	$98,807.00	$32,935.67	40.50%
LICENSES & FEES	$284.00	$420.00	$413.00	$1,117.00	$372.33	-31.23%
GEN MAINT	$447.00	$6,392.00	$12,221.00	$19,060.00	$6,353.33	-96.34%
TOT OTHER DIR.	$127,858.00	$107,520.00	$109,823.00	$345,201.00	$115,067.00	16.42%
TOTAL DIRECT	$561,944.00	$515,926.00	$406,078.00	$1,483,948.00	$494,649.33	38.38%
DEPT. PROFIT	$315,664.00	$345,143.00	$261,270.00	$922,077.00	$307,359.00	20.82%
INDIRECT EX:						
ADMIN & GEN	$175,277.00	$186,837.00	$95,710.00	$457,824.00	$152,608.00	83.13%
FRANCHISE FEE	$24,369.00	$23,170.00	$18,194.00	$65,733.00	$21,911.00	33.94%
TOT INDIRECT	$199,646.00	$210,007.00	$113,904.00	$523,557.00	$174,519.00	75.28%
INC. BEF. FIXED	$116,018.00	$135,136.00	$147,366.00	$398,520.00	$132,840.00	-21.27%
FIXED EXPENSES:						
PROPERTY TAX	$1,519.00	$0.00	$0.00	$1,519.00	$506.33	
INSURANCE	$2,445.00	$2,445.00	$2,445.00	$7,335.00	$2,445.00	0.00%
INTEREST		$500.00	$5,000.00	$5,500.00	$1,833.33	-100.00%
DEPRECIATION	$34,261.00	$42,694.00	$48,089.00	$125,044.00	$41,681.33	-28.76%
TOTAL FIXED	$38,225.00	$45,639.00	$55,534.00	$139,398.00	$46,466.00	-31.17%

	1	2	3	4		5	6	7
53	INCOME BEFORE				53			
54	TAXES & OTHER	$77,793.00	$89,497.00	$91,832.00	54	$259,122.00	$86,374.00	-15.29%
55					55			
56	OTHER INC(EXP):				56			
57	INTEREST	$10,433.00	$15,286.00	$6,395.00	57	$32,114.00	$10,704.67	63.14%
58		----------	----------	----------	58	----------	----------	----------
59	TOTAL OTHER	$10,433.00	$15,286.00	$6,395.00	59	$32,114.00	$10,704.67	63.14%
60		----------	----------	----------	60	----------	----------	----------
61	INCOME				61			
62	BEFORE TAXES	$88,226.00	$104,783.00	$98,227.00	62	$291,236.00	$97,078.67	-10.18%
63	INCOME TAXES:				63			
64	FEDERAL	$18,240.00	$25,506.00	$21,265.00	64	$65,011.00	$21,670.33	-14.23%
65	STATE/LOCAL	$7,020.00	$7,512.00	$9,313.00	65	$23,845.00	$7,948.33	-24.62%
66		----------	----------	----------	66	----------	----------	----------
67	TOT INC TX	$25,260.00	$33,018.00	$30,578.00	67	$88,856.00	$29,618.67	-17.39%
68					68			
69	NET INCOME				69			
70	OR (LOSS)	$62,966.00	$71,765.00	$67,649.00	70	$202,380.00	$67,460.00	-6.92%
71		----------	----------	----------	71	----------	----------	----------
72		----------	----------	----------	72	----------	----------	----------
73					73			
74	PRESENT				74			
75	OWNER'S INC	$92,000.00	$96,000.00	$31,000.00	75	$219,000.00	$73,000.00	196.77%
76					76			
77	DEPRECIATION	$34,261.00	$42,694.00	$48,089.00	77	$125,044.00	$41,681.33	-28.76%
78					78			
79	Available cash				79			
80	for debt servic				80			
81	int. refurb,etc				81			
82	& mgmt fee	$189,227.00	$210,459.00	$146,738.00	82	$546,424.00	$182,141.33	28.96%

APPENDIX C

PAYROLL - NEW CONSTRUCTION

Rooms[1] 2 Maids		$19,564
Cafeteria[2] 2 Utility Workers		19,564
Gifts[3] 1 Employee		13,140
Jeep Tours[4] 1 Employee		12,782
	TOTAL	$65,050
Fringe 15%		9,758
	TOTAL	$74,808

1. It was determined that an average of 22 rooms per day would be occupied as a result of the new construction. This translated into two additional maids. (2 x 8 x 365 x $3.35)

2. Based on our projection, 51 additional guests for two meals per day is anticipated. Cafeteria employment should be at a plateau that could absorb this increase. However, an additional two general utility workers were added. (2 x 8 x 365 x $3.35)

3. Because of the restricted space the current gift shop occupies, one additional employee may be ambitious. There is a possibility of expanding the gift shop area at which time another employee should be employed to expand sales. This employee was given a pay scale of $4.50 per hour. (8 x 365 $4.50)

4. Jeep tour determined at two trips per day at $17.51 per trip or $35.02 per day. (2 x 365 x $17.51)

APPENDIX D

SALES PRICE CALCULATIONS

		SALES PRICE*			
		$540,000	$1,000,000	$1,500,000	$2,200,000
Year 1	Interest	$ 35,862	$ 104,598	$ 179,310	$ 283,908
	Principal	2,061	6,013	10,308	16,320
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 2	Interest	$ 35,531	$ 103,632	$ 177,654	$ 281,285
	Principal	2,392	6,979	11,964	18,943
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 3	Interest	$ 35,146	$ 102,509	$ 175,730	$ 278,239
	Principal	2,777	8,102	13,888	21,989
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 4	Interest	$ 34,700	$ 101,207	$ 173,498	$ 274,704
	Principal	3,223	9,404	16,120	25,524
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 5	Interest	$ 34,181	$ 99,965	$ 170,906	$ 270,602
	Principal	3,742	10,646	18,712	29,626
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 6	Interest	$ 33,580	$ 97,941	$ 167,899	$ 265,839
	Principal	4,343	12,670	21,719	34,389
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 7	Interest	$ 32,881	$ 95,904	$ 164,407	$ 260,311
	Principal	5,042	14,707	25,211	39,917
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228
Year 8	Interest	$ 32,070	$ 93,540	$ 160,354	$ 253,894
	Principal	5,853	17,071	29,264	46,334
Total Debt Service		$ 37,923	$ 110,611	$ 189,618	$ 300,228

*Assuming $300,000 down; balance, 20 years at 15%; payments (only first 8 years shown)